

# ITG News



Keeping First Nations Informed

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## Employment Tax Workshops Scheduled

The office of Indian Tribal Governments has developed a series of intensive workshops to assist tribal employees with the knowledge necessary to address federal employment tax responsibilities. Issues covered include:

- Defining Employees vs. Independent Contractors
- Computing the correct taxes for payroll
- Completing Form 941 Quarterly Employment Tax Return
- Making federal tax deposits
- Due dates of tax returns
- Completing Forms W-2/W-3 and 1099/1096
- Reconciling Forms 941 and W-2 at year end
- Avoiding penalties
- Meeting rules for an Accountable Plan for Per Diem & Travel Reimbursements

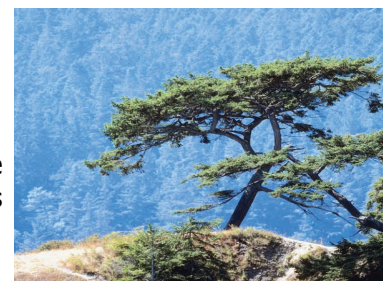
Many of these workshops also include outside speakers to address questions regarding unemployment and social security.

Workshops are currently scheduled in the following locations during the third calendar quarter. You can register to attend by clicking on [ITG Education and Training](#), or on the same link in the left border of our Internet landing page at [www.irs.gov/tribes](http://www.irs.gov/tribes).

7/8/2009	Sacramento, California	9:00am-5:00pm
7/15/2009	Santa Rosa, California	9:00am-5:00pm
7/15-7/16/09	Spokane, Washington	8:00am-4:30pm
7/23/2009	Klamath, California	9:00am-5:00pm
7/28/2009	Reno, Nevada	9:00am-5:00pm
7/30/2009	Elko, Nevada	9:30am-5:30pm
8/12-8/13/09	Spokane, Washington	8:00am-4:30pm
8/18-8/19/09	Duluth, Minnesota	8:00am-4:30pm
9/22-9/23/09	Portland, Oregon	8:00am-4:30pm

### Upcoming Events

Consultation Listening Meeting	July 16th—Tulsa, Oklahoma
Consultation Listening Meeting	August 12th—Albuquerque, New Mexico



*...the workshops will assist tribal employees with the knowledge necessary to address federal employment tax responsibilities*

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# Federal Tax Calendar for Third Quarter 2009

## July 2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1 * Make a deposit for 6/24-6/26	2	3 * Make a deposit for 6/27-6/30	4
5	6	7	8 * Make a deposit for 7/1-7/3	9	10 * Make a deposit for 7/4-7/7  Employees report June tip income to employers if \$20 or more	11
12	13	14	15 * Make a deposit for 7/8-7/10 ** make a deposit for June if under the monthly deposit rule	16	17 * Make a deposit for 7/11-7/14	18
19	20	21	22 * Make a deposit for 7/15-7/17	23	24 * Make a deposit for 7/18-7/21	25
26	27	28	29 * Make a deposit for 7/22-7/24	30	31 * Make a deposit for 7/25-7/28	

## August 2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5 * Make a deposit for 7/29-7/31	6	7 * Make a deposit for 8/1-8/4	8
9	10 Employees report July tip income to employers if \$20 or more	11	12 * Make a deposit for 8/5-8/7	13	14 * Make a deposit for 8/8-8/11	15
16	17 ** make a deposit for July if under the monthly deposit rule	18	19 * Make a deposit for 8/12-8/14	20	21 * Make a deposit for 8/15-8/18	22
23	24	25	26 * Make a deposit for 8/19-8/21	27	28 * Make a deposit for 8/22-8/25	29
30	31					

\* = Make a Payroll Deposit if you are under the semi-weekly deposit rule.

\*\*= Make a Monthly Deposit if you qualify under that rule.

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NOTE: Deposits made through EFTPS must be initiated at least one day prior to the due dates listed above in order to be timely.



## September 2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2 * Make a deposit for 8/26-8/28	3	4 * Make a deposit for 8/29-9/1	5
6	7	8	9	10 * Make a deposit for 9/2-9/4  Employees report August tip income to employers if \$20 or more	11 * Make a deposit for 9/5-9/8	12
13	14	15 ** make a deposit for August if under the monthly deposit rule	16 * Make a deposit for 9/9-9/11	17	18 * Make a deposit for 9/12-9/15	19
20	21	22	23 * Make a deposit for 9/16-9/18	24	25 * Make a deposit for 9/19-9/22	26
27	28	29	30 * Make a deposit for 9/23-9/25			

File Form 730 for  
wagers received  
during August

\* = Make a Payroll Deposit if you are under the semi-weekly deposit rule.

\*\*= Make a Monthly Deposit if you qualify under that rule.

NOTE: Deposits made through EFTPS must be initiated at least one day prior to the due dates listed above in order to be timely.

### **Return Filing Dates**

#### July 1st

- > File Form 11-C to register and pay the annual tax if you are in the business of taking wagers

#### July 31st

- > File Form 941 for the 2nd quarter of 2009.
- > If all deposits paid on time and in full, file by August 10th.
- > File Form 730 and pay the tax on applicable wagers accepted during June.

#### August 31st

- > File Form 730 and pay the tax on applicable wagers accepted during July.

#### September 30th

- > File Form 730 and pay the tax on applicable wagers accepted during August.



## **Payroll Resumption Emergency Procedures And Reporting Essentials**

(PREPARE)

The Office of Indian Tribal Governments (ITG) has prepared a kit that outlines a series of steps to assist tribes when there has been an unforeseen interruption in payroll processing and/or federal tax reporting. If you are faced with this problem, the following actions will assist you in regaining control and restoring compliance:

### 24 Hours

- Determine your Employer Identification Number(s) (EIN)
- Contact your [Indian Tribal Governments \(ITG\) Specialist](#) at 202-283-9800
- Determine your Federal Tax Deposit (FTD) type: Monthly, Semiweekly, Next Day
- Determine when FTD is due – [Publication 3151, Understanding Federal Tax Deposits](#)
- Determine method used to make FTD – electronic or manual
- If electronic, locate existing [Electronic Federal Tax Payment System \(EFTPS\)](#) password
- Obtain [Publication 1518, IRS Tax Calendar](#)
- Obtain [Publication 15, Employer's Tax Guide](#)
- Obtain [Publication 15-T, New Wage Withholding Tables](#)
- Obtain [Publication 15-A, Employer's Supplemental Tax Guide](#)
- Obtain [Publication 15-B, Employer's Tax Guide to Fringe Benefits](#)
- Underlined items and additional information can be found at [www.irs.gov/tribes](http://www.irs.gov/tribes), or can be sent via overnight mail by contacting your ITG Specialist at 202-283-9800

### 1st Week

- Locate payroll records and determine payroll period
- Determine type of payroll system: electronic, manual, payroll service provider
- Identify distributions to tribal members, if any
- Calculate proper income tax withholding amounts, if applicable
- Identify any previous FTD's made
- Discuss any IRS correspondence with your ITG Specialist
- Determine your tax return due dates
- If necessary, call 1-800-555-8778 to reset your EFTPS password
- Secure [Publication 4268, Indian Tribal Government Employment Tax Guide](#)

### 1st Month

- Review prior year information return filings
- Determine end of year electronic filing requirements and secure any necessary passwords
- Schedule an appointment with your ITG Specialist

### 1st Quarter

- Prepare and file applicable returns
- File any delinquent returns

Further information and assistance is available from your [Indian Tribal Governments \(ITG\) Specialist](#).



## **Consultation Listening Meetings Scheduled for Tulsa and Albuquerque**

The office of Indian Tribal Governments has scheduled two Consultation Listening meetings during the next calendar quarter.

The first meeting will be held on Thursday July 16th from 1:00pm-4:00pm in Tulsa at:

Doubletree Hotel at Warren Place  
6110 South Yale Avenue  
Tulsa, Oklahoma 74136

The second meeting will be held in Albuquerque on Wednesday August 12th from 1:00pm-4:00pm at:

Albuquerque Marriott  
2101 Louisiana Blvd NE  
Albuquerque, New Mexico 87110

These meetings are open to anyone, and we encourage attendance by all interested parties. We ask that attendees register through a link at [www.irs.gov/tribes](http://www.irs.gov/tribes) so that we can ensure we have adequate meeting space.

Meetings held over the past three years have led to meaningful changes in IRS procedures and have also allowed us to forward tribal concerns to other IRS functions and other federal agencies. We hope that those in the Tulsa and Albuquerque areas are able to participate in the upcoming meetings.

## **New Contact Information for ITG Tip Program Coordinator**

The Phoenix IRS office relocated on June 22nd. As a result, ITG Tip Coordinator Suzanne Perry has a new address and telephone number. Effective immediately, Suzanne's new contact information is:

Internal Revenue Service  
MS 7200 PHX: perry  
TEGE:ITG  
4041 N. Central Ave. Ste. 112  
Phoenix, Arizona 85012-5000

Phone: (602) 636-9181  
Fax: (602) 636-9188

Please use this contact information for submission of any tip reports, and please call her with any questions you have in regard to tip reporting compliance or your voluntary tip reporting agreement.





## **Important Notice for BSA E-Filers**

### **E-Filing Transitioned to Adobe Forms**

Effective June 27, 2009 BSA E-Filing transitioned to the use of Adobe forms. BSA E-Filing forms available for download from the BSA E-Filing Web site will be Adobe electronic forms. Benefits of using Adobe forms include improved form usability and enhanced validation.

PureEdge forms will no longer be available for download. The BSA E-Filing system will continue to accept and process IBM PureEdge versions of the BSA E-Filing forms through December 31, 2009. This period will allow current filers an opportunity to become familiar with and transition to the new Adobe forms.

Please note that BSA E-Filing users required use of Adobe Reader to read secure messages provided by BSA E-Filing beginning on June 27, 2009. A Transition Questions and Answers document is available on the BSA E-Filing Web site with information about how to download the compatible versions of Adobe Reader.

The transition impacts some users more than others:

- Filers who submit a single form (discrete filers) need to transition from PureEdge electronic forms and begin using Adobe-based electronic forms. Discrete filers who use templates (forms that have been pre-populated with selected data) need to create new templates using the Adobe forms.
- Filers who submit multiple forms (batch filers) via the Web browser will see a new cover or "header" page.
- There will be no impact to batch filers that use Connect:Direct to submit their BSA data (Secure Direct Transfer Mode Filers).

Please direct questions about the Adobe transition to the BSA E-Filing System Help Desk at 1-888-827-2778 (option 6) or via E-mail at [BSAEFilingHelp@notes.tcs.treas.gov](mailto:BSAEFilingHelp@notes.tcs.treas.gov). The Help Desk is available Monday through Friday 8:00 am – 6:00 pm ET. The BSA E-Filing homepage is located at <http://bsaefiling.fincen.treas.gov/>.

## **Employee Tip Income Program Questions**

ITG has a full-time Tip Coordinator to assist you with any questions about tip reporting agreements. If you are interested in securing a Tip Agreement, have questions concerning your existing agreement, or have received a notice about tip reporting responsibilities that is unclear, please contact Suzanne Perry at (602)-636-9181.



## Former Tribal Chairman Pleads Guilty to Campaign Finance Violations and Fraud

The former chairman of the Mashpee Wampanoag Tribe was recently sentenced to prison following a guilty plea to violations of campaign finance law, along with tax, wire fraud and Social Security fraud, in connection with efforts to secure federal recognition for the Tribe. His plea related to a five count Information in which he admitted to illegal campaign contributions to members of Congress on behalf of the Tribe, embezzling funds from the Tribe, filing false tax returns for himself and the Tribe, and fraudulently receiving Social Security Disability Benefits.

Marshall committed these offenses in connection with his service from 2001 to 2007 as Chairman of the Mashpee Wampanoag Tribal Council, the Tribe's governing body. During his tenure, Marshall spearheaded the Tribe's effort to become officially recognized by the federal government, which would qualify the Tribe for an array of federal program benefits, and render it eligible under the Indian Gaming Regulatory Act to build a casino on its lands. According to the Information, beginning in 1999, the Tribe's push for recognition was underwritten by a Michigan-based investment company called AtMashpee LLC, which provided the Tribe millions of dollars for its operations and for legal, lobbying, and other professional services, in exchange for an equity stake in any casino the Tribe might ultimately build. Among other services, the Tribe's attorneys filed a lawsuit against the Department of the Interior ("DOI") to force DOI to act on the Tribe's recognition petition, which the Tribe claimed had been unduly delayed. The Tribe also hired lobbyists to make the Tribe's case before members of Congress and their staffs in the hope that they would encourage the DOI to act favorably on the petition.

In late 2001, Marshall hired a political consultant to coordinate the Tribe's lobbying and public relations activities, and that the consultant answered to Marshall and worked directly with the Washington, D.C.-based lobbyists paid for by AtMashpee.

In mid-2002, Marshall concluded that the lobbyists had failed to build sufficient political pressure in Congress for the Tribe's petition. In or about September 2002, after consulting with another officer of the Tribal Council, Marshall decided to replace the lobbyists and directed the political consultant to find a Washington, D.C. lobbyist who would be more effective in presenting the Tribe's case for recognition to relevant federal officials, including Members of Congress and officials in the DOI. Consistent with Marshall's directive, the political consultant contacted an associate of lobbyist Jack A. Abramoff to determine whether Abramoff would be interested in providing lobbying services on behalf of the Tribe.

In early-2003, Abramoff and his team of lobbyists began to work for the Tribe and focused their efforts on contacting members of Congress and senior officials in the DOI concerning the status of the Tribe's recognition petition. The Information alleges that, in or about January 2003, Marshall, along with the political consultant and another officer of the Tribal Council, met with Abramoff and his associates concerning the Tribe's lobbying strategy. Abramoff advised them that in order to advance his recognition effort, the Tribe needed to make significant political contributions to certain Members of Congress so that they might build political pressure on the DOI to act favorably on the Tribe's petition.

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## Reporting Abuses/Schemes

We continue to work with tribes and tribal officials to address financial abuses and schemes being promoted in Indian country. Working together can help ensure the integrity of tribal finances and eliminate the threats posed by individuals with schemes that appear "too good to be true" and often are. If you are aware of financial impropriety or of a promoter advocating a scheme that appears highly suspect, you can contact the ITG Abuse Detection and Prevention Team at (716) 686-4860 or via e-mail at [tege.itg.schemes@irs.gov](mailto:tege.itg.schemes@irs.gov)



## Former Tribal Chairman Pleads Guilty to Campaign Finance Violations and Fraud

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Around the same time, the political consultant, and certain other professionals hired by the Tribal Council, told Marshall that they preferred to be paid directly by the Tribal Council, rather than by AtMashpee. Marshall then arranged to have AtMashpee fund the Tribal Council for the payment of such services, and that such funds would be deposited into an account in the name of the Mashpee Fisherman's Association, a defunct corporation which Marshall and another officer of the Tribal Council were authorized signatories. The account had been dormant for several years up to that point.

From 2003 to 2007, AtMashpee paid approximately \$4 million into the Fisherman's Account, a sum that Marshall willfully omitted from the Tribal Council's federal tax returns. Marshall used most of the money to pay for legal, lobbying and public relations expenses in connection with the Tribe's recognition effort. The Tribe's lobbyists included Abramoff until in or about 2004, and thereafter, Abramoff's former associates, who lobbied members of Congress and DOI officials concerning the Tribe's petition. They also included lobbyists and a public relations firm in Boston to make the case before state legislators and other state officials that once the Tribe became federally recognized, the state should enter into a compact with the Tribe that would permit it to operate a casino.

In consultation with Abramoff and his team as well as the Boston-based lobbyists, the political consultant recommended on numerous occasions to Marshall which state and federal legislators should receive campaign contributions. To finance these contributions, Marshall turned to the Tribal Council funds in the Fisherman's Association account. Beginning in or about 2003 and continuing through 2006, Marshall used funds in the Fisherman's Association account to make campaign contributions to various elected officials in order to curry favor for the Tribe's recognition petition and its effort to build a casino on tribal land.

Marshall was aware that federal law prohibited corporations, including the Tribal Council, from making contributions to federal campaigns. In order to disguise the fact that the Tribal Council was making contributions to federal campaigns, Marshall solicited various individuals to act as straw contributors, including members of his family and officers of the Tribal Council. In each instance, Marshall asked the straw contributor to write a check to a candidate's reelection committee, insisting that the contribution was necessary to further the Tribe's recognition effort and promising the straw contributor that the Tribal Council would reimburse him or her for the contribution. Marshall himself also made such straw contributions.

From 2003 to 2007, Marshall caused the Tribal Council, through payments from the Fisherman's Association account, to reimburse straw contributors a total of \$49,950.00 in federal campaign contributions, and another \$10,550.00 in straw contributions to elected state officials. Marshall paid all of the reimbursements by check or cash drawn from the Tribal Council funds in the Fisherman's Association account.

During the same period, Marshall used funds in the Fisherman's Association account for personal expenses, knowing that the funds belonged to the Tribal Council. Specifically, Marshall spent approximately \$380,000 from the Fisherman's Association account on such personal expenses as groceries, vacation trips, tuition payments for his daughter, restaurant tabs, home repairs, home mortgage payments and jewelry. Marshall willfully failed to report these expenses as personal income on his tax returns.

Marshall also pleaded guilty to fraudulently receiving social security disability benefits. Marshall had received benefit payments since the late 1980's based on his representations to the Social Security Administration that he was unable to work as a result of a disability. In 2000, Marshall began working full-time for the Tribal Council as its chairman, earning an annual salary of approximately \$40,000. He refrained from disclosing his employment status to the Administration, however, knowing that it would have rendered himself ineligible to receive further benefits. He thereafter collected approximately \$10,000 a year in benefits.





## A Fond Farewell. . . .

ITG Specialist John Mandeville has taken a new step in his career, and so has left the Pacific Northwest ITG Group. We wish him the best for the future! His assigned Tribes will be re-assigned to other Specialists and we'll have the new list in the October 2009 edition of the newsletter. In the meantime, if you need the assistance of an ITG Specialist you can call any of the specialists listed on the last page of this newsletter.



## . . . And A Warm Welcome!

The Pacific Northwest ITG Group would like to introduce two new ITG Specialists who are here to serve the Tribes in our area. Jing Chin and Doug Wellington.

Jing Chin will be working out of the Portland, Oregon office. She is new to the IRS and is very excited to be a part of ITG and to work with the Tribes in this area.

Doug Wellington is located in the Vancouver, Washington office. He has worked in Alaska with the Native Villages and is looking forward to serving the Tribes in the Pacific Northwest.

### Employment Tax Workshops Update

We are excited about the upcoming Employment Tax Workshops being offered in Spokane and Portland. If you have not yet signed up for one of them, we hope you will take advantage of this opportunity to receive Employment Tax training.

There are two open spots in the workshops in Portland (September) and Spokane (July). There are only three participants signed up for the August 12 and 13th workshop in Spokane. We hope to have more participants so we can hold the workshop. We'd love to see you there!

### Past Issues of ITG Newsletter Available

Remember that past issues of the ITG Newsletter can be found by going to [www.irs.gov/tribes](http://www.irs.gov/tribes) and clicking on the "Newsletters" link. Ours is the Pacific Northwest Edition.



## Message from the Director

The summer of 2009 finds us in the midst of challenging times. The country continues to experience difficult economic times, and many of the things that have formed the foundation of our economic system are in the midst of major change. In response to these challenges, Congress has enacted numerous bills designed to have a positive economic impact and stimulate economic growth. Some of these involve bonding authority to assist governments in getting projects underway. Others provide new tax credits, while still others address the direct creation of new jobs. One of the new laws that affects tribal bonds required the Service to develop rules on how to best allocate the amount of economic development bonding authority. We solicited input from tribes, and I want to thank all of you who took the time to provide your input and ideas. I can assure you that it was reviewed and fully considered as the Service worked through this difficult task.

Another major change involves COBRA, the provision that requires certain employers to permit continuation of medical insurance for employees who have lost their job. Under the new law, in certain circumstances the federal government will provide credits to employers who pay up to 65% of the premium cost for the affected employees. This is available to Tribes who cover employees under a commercial plan. Unfortunately, the reimbursement provision as enacted does not cover employees who were under tribal governmental benefit plans. However, tribes are also not required to provide COBRA coverage for those employees.

Another significant change involved the FY 2009 budget for the IRS. As a result of a significant increase in funding, ITG has been able to hire 17 new employees. This has not only allowed us to replace employees who had retired or otherwise left ITG in recent years, but also to have a slight staffing increase over our historic level. Many of you may have a new ITG Specialist assigned to your tribe, as soon as the new employees complete an extensive training program. This increase in staffing will permit us to continue the level of service necessary to provide a balanced approach to federal tax compliance for tribes, including the ability to conduct ongoing tax training for tribal employees, and the ability to increase our resources to address the most egregious noncompliance through our Abuse Detection and Prevention Team.

As always, I welcome your feedback and further suggestions on how we can best address federal tax administration needs for Tribes. I can be contacted at any time at 202-283-9800, or via e-mail at [Christie.Jacobs@irs.gov](mailto:Christie.Jacobs@irs.gov).

*Christie Jacobs*

## Tribal Economic Development Bonds Notice

Notice 2009-51 will be formally published in Internal Revenue Bulletin 2009-28 on July 13, 2009, and solicits applications for allocations of the national bond volume limitation authority ("volume cap") of \$2 billion to issue tribal economic development bonds (TEDBs) under Section 7871(f) of the Internal Revenue Code. This Notice also provides related guidance on (1) the eligibility requirements that a project must meet to be considered for a volume cap allocation; (2) the application requirements and the application form for requests for volume cap allocations; and (3) the method that the IRS will use to allocate the volume cap.

An advance copy of Notice 2009-51 is currently available on the IRS web site at [www.irs.gov/pub/irs-drop/n-09-51.doc](http://www.irs.gov/pub/irs-drop/n-09-51.doc).



# Tax News For You!

## Individual Tribal Member Information

### Summertime Tax Tips

#### **How About a Tax Credit for Sending the Kids to Summer Day Camp**

Summer's here and the kids are out of school. If you qualify, the cost of sending your child to a **day** camp may be a work-related expense, even if the camp specializes in a particular activity, such as computers or soccer. You can count the cost of care provided outside your home if the care is for your dependent under age 13.

The cost of sending your child to an **overnight** camp is not considered a work-related expense.

For additional information please see IRS Publication 503, *Child and Dependent Care Expenses* available on the IRS Web site at [www.irs.gov](http://www.irs.gov) or by calling 800-TAX-FORM (800-829-3676).

#### **New Expanded Higher Education Tax Credit**

The American Reinvestment and Recovery Act of 2009 (ARRA) created a new law that temporarily enhances the existing Hope education credit in amount and in scope.

This tax credit, known as the American Opportunity Tax Credit for Education, is worth up to \$2,500 of the cost of tuition and related expenses paid during the years 2009 and 2010. The Hope Credit was limited to a maximum credit of \$1,800 for the year. The new tax credit is worth up to \$2,500.

Taxpayers may receive a credit based on 100 percent of the first \$2,000 of tuition and related expenses (including books) paid during the taxable year and 25 percent of the next \$2,000 of tuition and related expenses paid during the taxable year. However, the credit phases out ratably for taxpayers with modified adjusted gross income between \$80,000 and \$90,000 (\$160,000 and \$180,000 for joint filers).

The law also increases the credit to be claimed to all four years of post-secondary education instead of two. Forty percent of the credit will be refundable for most taxpayers, which means you can get money back even if you owe no taxes.

#### **A Tax Break May be Coming Your Way if You Moved for a Job**

Did you recently move for a new job or because your old job is now at a new location? How far you moved and the amount of time you spend on the job will have a major impact on whether you qualify for the tax break. However, if you can satisfy the distance and time tests, then job-related moving expenses that you incur may be tax deductible. Members of the armed forces do not have to meet these tests if the move was due to a permanent change of station. Reasonable moving expenses are deductible and include the costs of moving your household goods and personal effects to your new home. You can also deduct the expenses of traveling to your new home, including lodging costs. Meals eaten while in transit between your old and new homes are not deductible as moving expenses.

Additional information on moving expenses, including an extensive list of deductible and non-deductible expenses, can be found in IRS Publication 521, *Moving Expenses*, on the IRS Web site at [www.irs.gov](http://www.irs.gov) or by calling 800-TAX-FORM (800-829-3676).

#### **Tax Credits for Home Energy Efficiency Improvements have been Increased**

New tax law increases the energy tax credit for homeowners who make energy efficient improvements to their existing homes. The new law increases the credit rate to 30 percent of the cost of all qualifying improvements and raises the maximum credit limit to \$1,500 for improvements placed in service in 2009 and 2010.

The credit applies to improvements such as adding insulation, energy efficient exterior windows and energy-efficient heating and air conditioning systems.

. . . . . Continued on page 13



# Tax News For You!

## Individual Tribal Member Information

### **Tax Credits for Home Energy Efficiency Improvements have been Increased**

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Homeowners should be aware that the standards in the new law are higher than the standards for the credit that was available in 2007 for products that qualify as "energy efficient" for purposes of this tax credit. The IRS has issued guidance that will allow manufacturers to certify that their products meet these new standards.

Until the guidance is released, homeowners generally may continue to rely on manufacturers' certifications that were provided under the old guidance. For exterior windows and skylights, homeowners may continue to rely on Energy Star labels in determining whether property purchased before June 1, 2009, qualifies for the credit. Manufacturers should not continue to provide certifications for property that fails to meet the new standards. More information can be found at [www.irs.gov](http://www.irs.gov).

More American Recovery and Reinvestment Act Tax Related Provisions

### **Sales Tax Deduction for Taxes Paid on New Vehicle Purchases**

Taxpayers who buy a new car, light truck, motor home or motorcycle in 2009 may be able to deduct the state and local sales and excise taxes they paid on their 2009 income tax returns regardless of whether they itemize their deductions on Form 1040, Schedule A (Itemized Deductions) or not. This deduction is limited to taxes paid on the first \$49,500 of the purchase price. This applies to purchases made **after** February 17, 2009.

### **Up to \$2,400 of Unemployment Benefits will be Tax Free for 2009**

The first \$2,400 of your unemployment benefits will not be taxable for federal tax purposes. Normally, all unemployment benefits received are taxable.

### **Good news if you qualify as a First-Time Homebuyer**

The new "First-Time Homebuyer" Credit is for home purchases made in 2009 prior to December 1, 2009.

The credit is equal to 10% of the home's purchase price, up to \$8,000 (\$4,000 on a married filing separate return). This means that a home that is purchased for \$80,000 is eligible for the full \$8,000 credit. This is a refundable credit, which means even if you owe no tax you still can get a refund.

There are income limitations. The amount of the credit begins to phase out for taxpayers whose modified adjusted gross income is more than \$75,000, or \$150,000 for joint filers.

There are several different ways that you can claim this tax credit:

- **If you filed an extension** of time you can still e-file your return if you file by October 15, 2009. E-filing is the fastest way to get your refund especially if you choose Direct Deposit.
- **If you already filed your return** you can file an amended tax return. The amended tax return will allow you to claim the homebuyer credit on the 2008 return without waiting until next year to claim it on the 2009 return. Use Form 1040X, *US Amended Individual Income Tax Return* and attach Form 5405, *First-Time Homebuyer Credit*.
- **Claim the credit in 2010** on your 2009 tax return. For some taxpayers, it may make more financial sense to wait and claim the homebuyer credit next year when you file your 2009 tax return rather than claiming it now on the 2008 tax return.

For additional information and form please visit the IRS Web site at [www.irs.gov](http://www.irs.gov) or call 800-TAX-FORM (800-829-3676) to have forms mailed to you.





## ITG Area Contacts

### **PACIFIC NORTHWEST**

Alaska, Idaho, Oregon, Washington

### **SPECIALISTS**

#### **Jing Chin**

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### **CUSTOMER SERVICE & WEBSITE**

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